

## The Consumer Financial Protection Bureau (CFPB), Recent Developments: August 25, 2014 – August 29, 2014

### CFPB Enforcement Action against Debt-Settlement Payment Processor

On August 25<sup>th</sup>, the CFPB entered a [proposed consent order](#) with a large, national debt-settlement payment processor. The associated [complaint](#) filed by the CFPB alleges that the payment processor violated the Telemarketing Sales Rule (TSR) by enabling debt-settlement companies to charge consumers illegal upfront fees. These debt-settlement companies generally offer to reduce or eliminate a consumer's debt by negotiating settlements with creditors. However, the TSR prohibits debt-settlement companies from charging consumers advance fees before settling any of their debts. According to the complaint, the payment processor processed millions of dollars of these illegal advance fees on behalf of debt relief companies. The proposed consent order would require the company and its owners to stop processing such illegal payments for debt settlement companies, pay \$6 million in consumer relief, and pay a \$1 million civil money penalty.

### CFPB Publishes Report Promoting Financial Wellness in the Workplace

On August 26<sup>th</sup>, the CFPB [published a report](#) that encourages employers to educate their employees about "financial wellness." CFPB Director Richard Cordray said in a statement that "[a] financially capable workforce is a more satisfied and engaged workforce that is also more productive." The report provides specific examples of how some employers are already helping consumers develop financial skills. For example, the CFPB is encouraging employers to implement financial education programs when employees first join a company. The report cites studies showing that employees are more focused at such times on making important financial decisions regarding such issues as tax withholding, retirement savings, and employer-offered health insurance.

### CFPB Announces New Senior Management and Advisory Board and Council Members

On August 28<sup>th</sup>, the CFPB [announced the addition of several new leaders](#) within the CFPB:

- **Patricia McClung** was added as Assistant Director for Mortgage Markets. Prior to joining the CFPB, Ms. McClung worked at Federal Housing Administration as a senior housing policy advisor.
- **Janneke Ratcliffe** was added as Assistant Director for Financial Education. Prior to joining the CFPB, Ms. Ratcliffe served as Executive Director at the Center for Community Capital, at the University of North Carolina at Chapel Hill.
- **Will Wade-Gery** was added as the Assistant Director for Card and Payments Markets. Mr. Wade-Gery had already been serving in the same position as the acting Assistant Director.

The CFPB also announced the appointment of new consumer finance experts from outside the federal government to the CFPB's Consumer Advisory Board, Community Bank Advisory Council and Credit Union Advisory Council. The Consumer Advisory Board is charged with advising and consulting the CFPB's

director on a variety of consumer financial issues. The two advisory councils also advise and consult the CFPB on consumer financial issues related specifically to community banks and credit unions. The new members to the Board will serve three-year terms and new members to the advisory councils will serve two-year terms.

#### CFPB Enters MOU with Federal Agencies Regarding Benefits for Servicemembers

On August 26<sup>th</sup>, the CFPB [entered a Memorandum of Understanding](#) (MOU) with the Department of Defense, Department of Education, and the Department of Veterans Affairs. The agreement among the agencies outlines a strategy to coordinate their enforcement and compliance work with respect to federal education benefits available to servicemembers, veterans, spouses and other family members attending college. Among other things, the MOU requires the agencies to share complaints about schools and to alert each other about suspected instances of fraud, deception or other misleading practices.

The MOU is a part of a larger effort by the agencies to prevent abusive and deceptive recruiting practices by colleges. In January 2014, the agencies released an [online student complaint system](#) where servicemembers, veterans, and their families can report negative experiences at institutions administering the Post-9/11 GI Bill, DoD Military Tuition Assistance, and other military-related education benefit programs. Already over 2,000 complaints have been received. The complaints are forwarded to schools and also shared with other law enforcement agencies.

#### CFPB Auto Finance Field Hearing

The CFPB will hold a [field hearing on auto finance](#) on Thursday, September 18<sup>th</sup> at 11 a.m. EDT in Indianapolis, Indiana. According to the CFPB's announcement, the hearing will feature remarks from Director Richard Cordray, as well as testimony from consumer groups, industry representatives and members of the public. In the past, the CFPB has used its field hearings as a forum to announce new initiatives.

**The Consumer Financial Protection Bureau (CFPB)**, created by the Dodd-Frank Wall Street Reform and Consumer Protection Act, implements and enforces federal consumer financial law. Greenberg Traurig monitors the CFPB's activities, including the almost daily movement on multiple industry fronts that the CFPB makes as it redefines consumer finance law. An entirely new system has been and is being created for the consumer financial services industry. Once complete, the question will be, "How does our clients' business match up?" Our GT CFPB Team regularly observes and analyzes the actions of the CFPB in order to advise clients in best practices, risk management and compliance procedures.

This *GT Alert* was prepared by **Gil Rudolph**, **Brett Kitt**, **Scott Sheehan** and **Peter Cockrell**. Questions about this information can be directed to any member of Greenberg Traurig's **Consumer Financial Protection Bureau (CFPB)** team of professionals:

- [Gil Rudolph](#) | Co-Chair, Financial Regulatory & Compliance | +1 202.530.8575 | [rudolphg@gtlaw.com](mailto:rudolphg@gtlaw.com)
- [Brett Kitt](#) | Financial Regulatory & Compliance | +1 202.533.2359 | [kittb@gtlaw.com](mailto:kittb@gtlaw.com)
- [Scott Sheehan](#) | Financial Regulatory & Compliance | +1 713.374.3543 | [sheehans@gtlaw.com](mailto:sheehans@gtlaw.com)

- [Michael Sklaire](#) | Financial Services Litigation & Regulation | +1 703.749.1308 | [sklairem@gtlaw.com](mailto:sklairem@gtlaw.com)
- [Andy Berg](#) | Financial Services Litigation & Regulation | +1 202.331.3181 | [berga@gtlaw.com](mailto:berga@gtlaw.com)
- [Michele Stocker](#) | National Chair, Financial Services Litigation | +1 954.768.8271 | [stockerm@gtlaw.com](mailto:stockerm@gtlaw.com)
- [Jennifer Gray](#) | Financial Services Litigation & Regulation | +1 310.586.7730 | [grayjen@gtlaw.com](mailto:grayjen@gtlaw.com)
- [Brian Schulman](#) | Financial Services Litigation & Regulation | +1 602.445.8407 | [schulmanb@gtlaw.com](mailto:schulmanb@gtlaw.com)
- [Jacob Bundick](#) | Financial Services Litigation & Regulation | +1 702.792.3773 | [bundickj@gtlaw.com](mailto:bundickj@gtlaw.com)
- [Alan Slomowitz](#) | Government Law & Policy | +1 202.533.2318 | [slomowitza@gtlaw.com](mailto:slomowitza@gtlaw.com)
- [Patrick Anderson](#) | Government Law & Policy | +1 202.331.3100 | [andersonp@gtlaw.com](mailto:andersonp@gtlaw.com)
- [Thomas McKee](#) | Litigation | +1 703.749.1300 | [mckeet@gtlaw.com](mailto:mckeet@gtlaw.com)
- [Michael Lawrence](#) | Litigation | +1 310.586.7719 | [lawrencem@gtlaw.com](mailto:lawrencem@gtlaw.com)
- [Peter Cockrell](#) | Financial Regulatory & Compliance | +1 202.530.8517 | [cockrellp@gtlaw.com](mailto:cockrellp@gtlaw.com)

<b>Albany</b> +1 518.689.1400	<b>Denver</b> +1 303.572.6500	<b>New York</b> +1 212.801.9200	<b>Shanghai</b> +86 (21) 6391.6633
<b>Amsterdam</b> +31 (0) 20 301 7300	<b>Fort Lauderdale</b> +1 954.765.0500	<b>Northern Virginia</b> +1 703.749.1300	<b>Silicon Valley</b> +1 650.328.8500
<b>Atlanta</b> +1 678.553.2100	<b>Houston</b> +1 713.374.3500	<b>Orange County</b> +1 949.732.6500	<b>Tallahassee</b> +1 850.222.6891
<b>Austin</b> +1 512.320.7200	<b>Las Vegas</b> +1 702.792.3773	<b>Orlando</b> +1 407.420.1000	<b>Tampa</b> +1 813.318.5700
<b>Boca Raton</b> +1 561.955.7600	<b>London*</b> +44 (0) 203 349 8700	<b>Philadelphia</b> +1 215.988.7800	<b>Tel Aviv^</b> +972 (0) 3 636 6000
<b>Boston</b> +1 617.310.6000	<b>Los Angeles</b> +1 310.586.7700	<b>Phoenix</b> +1 602.445.8000	<b>Warsaw~</b> +48 22 690 6100
<b>Chicago</b> +1 312.456.8400	<b>Mexico City+</b> +52 (1) 55 5029 0000	<b>Sacramento</b> +1 916.442.1111	<b>Washington, D.C.</b> +1 202.331.3100
<b>Dallas</b> +1 214.665.3600	<b>Miami</b> +1 305.579.0500	<b>San Francisco</b> +1 415.655.1300	<b>Westchester County</b> +1 914.286.2900
<b>Delaware</b> +1 302.661.7000	<b>New Jersey</b> +1 973.360.7900	<b>Seoul∞</b> +82 (0) 2 369 1000	<b>West Palm Beach</b> +1 561.650.7900

*This Greenberg Traurig Alert is issued for informational purposes only and is not intended to be construed or used as general legal advice nor as a solicitation of any type. Please contact the author(s) or your Greenberg Traurig contact if you have questions regarding the currency of this information. The hiring of a lawyer is an important decision. Before you decide, ask for written information about the lawyer's legal qualifications and experience. Greenberg Traurig is a service mark and trade name of Greenberg Traurig, LLP and Greenberg Traurig, P.A. \*Operates as Greenberg Traurig Maher LLP. \*\*Greenberg Traurig is not responsible for any legal or other services rendered by attorneys employed by the strategic alliance firms. +Greenberg Traurig's Mexico City office is operated by Greenberg Traurig, S.C., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. ∞Operates as Greenberg Traurig LLP Foreign Legal Consultant Office. ^Greenberg Traurig's Tel Aviv office is a branch of Greenberg Traurig, P.A., Florida, USA. ~Greenberg Traurig's Warsaw office is operated by Greenberg Traurig Grzesiak sp.k., an affiliate of Greenberg Traurig, P.A. and Greenberg Traurig, LLP. Certain partners in Greenberg Traurig Grzesiak sp.k. are also shareholders in Greenberg Traurig, P.A. Images in this advertisement do not depict Greenberg Traurig attorneys, clients, staff or facilities. No aspect of this advertisement has been approved by the Supreme Court of New Jersey. ©2014 Greenberg Traurig, LLP. All rights reserved.*